

# Military's Manpower Costs Reality Bites

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The financial implications of the “one rank, one pension scheme” for the armed forces, and other associated issues, are quite startling. Even if the government must accept the scheme, having committed itself to it, the issue of its financial burden and the underlying policy assumptions cannot be sidestepped. This article looks at some of the wider financial, political and administrative implications of implementing OROP.

The outcry over “one rank, one pension” (OROP) for India's armed forces raises several issues other than those of honouring pledges made to soldiers or ensuring that they are paid their “deferred wages” expeditiously and fairly. While political parties are eloquent about the fairness of the demand, when in power, the issue gets stuck in basic questions. None other than the Prime Minister observed that there are “too many definitions (of OROP) going around yet, and we are looking for one on which all stakeholders agree” (*Tribune* 2015a). Union Minister of Defence Manohar Parrikar said that “the entire debate (over funds required for OROP) varied from Rs 500 crore to Rs 22,000 crore” (*Hindustan Times* 2015). Union Finance Minister Arun Jaitley spoke of Rs 6,000–8,000 crore needed for defence pensions, whereas the Controller General of Defence Accounts spoke of needing Rs 14,200 crore (*Tribune* 2015a). Taking these three statements at face value shows that the Bharatiya Janata Party (BJP)-led government, quite like its predecessor, the second Congress-led United Progressive Alliance (UPA-II) government, has made a commitment that it finds difficult to fathom and/or meet.

Manpower costs are also eating into the capital allocation of the armed forces to cover revenue demand. For instance, the Ministry of Defence (MoD) shifted Rs 13,000 crore from the capital side in the 2014–15 budget to the revenue side to meet day-to-day expenses. This was the second time this was done. In January 2014, Rs 7,870 crore was moved from the capital to revenue account by the UPA-II government to take care of additional revenue requirements (*Tribune* 2015a).

The demand for OROP means that all retired soldiers of the same rank with

the same length of service receive the same pension, irrespective of their date of retirement. An army soldier retires at 35, while in paramilitary formations personnel carry on till 60.<sup>1</sup>

If the government were to accept the demand for OROP, resources will come under pressure from the central paramilitary forces (CPMF) demanding parity with service personnel (*Indian Express* 2015). The cascading effect of OROP can push up the cost of manpower augmentation of the “Armed Forces of the Union” (comprising the services and CPMFs) and leave even less of scarce resources for the capital expenditure of the defence sector. This being the situation it is time to revisit the premise on which manpower augmentation rests, namely, a “shortage” of personnel. Opting for shortcuts does little but diverting attention from uncomfortable questions.

Take an example. Delhi's central jail at Tihar has a capacity of 6,250 inmates but it has a population of more than 14,000. Nearly 75% of them are undertrials. The Supreme Court ruled on 5 September 2014 in *Bhim Singh versus Union of India* that undertrials who had served half the term of imprisonment prescribed for the offence they were charged with (except where the punishment was death) should be released. Instead, the government opts to build more jails, such as at Mandoli in Delhi, and slows down the release of undertrials to a trickle. The criminal misuse of funds which this entails does not bother it. Similarly, were OROP to be accepted without finding out why it cropped up as a demand in the first place, and what its long-term financial and political implications are, it would only make for deferring the problem to another day.

How scarce public funds are put to use is of utmost importance. Let us look at Table 1 (p 11) to understand how the share of defence pensions has spiralled in the last 35 years.

Defence pension, which was Rs 1,670 crore in 1981–82, has risen to Rs 54,500 crore in 2015–16, or what was 6.8% of

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the defence budget in 1981–82 has become 16.5% in 2015–16. This is a near trebling of the pension outgo. The defence pension in 2014–15 (budget estimate) was Rs 44,475 crore. In a year, it rose by more than Rs 10,000 crore or 20%. In which other sector has there been such a rise in pension?

**Table 1: Share of Pensions in Defence Expenditure**

| Year    | Defence Expenditure | Of Which Defence Pension is |
|---------|---------------------|-----------------------------|
| 1981–82 | 4,651.81            | 317.92                      |
| 1985–86 | 8,519.46            | 531.97                      |
| 1991–92 | 18,187.12           | 1,840.08                    |
| 1995–96 | 31,119              | 3,300                       |
| 2001–02 | 73,144              | 10,764.60                   |
| 2005–06 | 96,952.00           | 12,452.00                   |
| 2011–12 | 2,02,572            | 34,000                      |
| 2015–16 | 3,10,079.60         | 54,500                      |

Source: *Expenditure Budget*, Government of India, Vol II of budget years mentioned.

With the demand for OROP and the Seventh Pay Commission award that is due, this will go up by several thousand more crores. With 2.6 million pensioners and 60,000 widows and 70,000 personnel retiring from the services every year, we cannot afford to be sanguine about the manpower costs of the military. For every soldier, there are 1:7 defence pensioners (Banerjee 2015). So a rising payroll cost, especially for defence pension, bites.

Defence analyst Ajai Shukla (2015) writes that army's growing payroll consumes 60% of its budget. In addition, this year, 82 paise of every rupee allocated for the army's revenue expenditure leaves just 15 paise for capital expenditure. The navy would have spent 63% instead of the 59% it did on modernisation but for the money being diverted to meet the army's payroll needs. He adds that "the army's growing manpower (whilst every other major military is reducing numbers)" is "leaving less and less money for equipment."<sup>2</sup> So without even considering OROP and the Seventh Pay Commission, the payroll already poses a major issue for the army. This is one part of the story. The other part is that the main reason for this crisis is recurring manpower augmentation, necessitated by the army's engagement in military operations at home and changes brought about after the 1999 Kargil war,

which reversed the policy of cutting down 50,000 troops. Since then, further augmentation has taken place. Former head of the Centre for Land and Warfare Studies Gurmeet Kanwal wrote in 2010 that the army "cannot afford to downsize, as its operational commitments on border management and internal security duties require a large number of manpower heavy infantry battalions."<sup>3</sup>

The solution that is being attempted, entrusting CPMFs with the task of fighting internal conflicts, is not as simple as it appears. It merely transfers the financial burden from one head of account to another, administratively from the MoD to the Ministry of Home Affairs (MHA), while the resource pie remains unchanged. Whatever reduction of payroll cost takes place in the army, as and when it reveals itself, will be more than made up by increased recruitment to the CPMFs.

As CPMFs are pitching for "parity" with the armed forces, costs will zoom. The chiefs of six CPMFs have reportedly "complained" to the MHA that OROP for armed forces personnel would lead to "demoralisation in their ranks"—the men face equal if not more hardship than army soldiers but get a lower risk allowance. The six CPMFs have also petitioned the Seventh Pay Commission for parity in allowances (Baweja 2015). Contrary to the demand for parity, the situation after the Sixth Pay Commission has been that CPMF jawans get better and higher allowances than those in the army. For instance, special forces drawn from the army who operate "behind enemy lines" get Rs 800–1,200 per month as an allowance, whereas Commando Battalions for Resolute Action (COBRA) units of the Central Reserve Police Force (CRPF) get Rs 7,200–11,000 per month for the same. The instructor's allowance for senior officers of the armed forces is Rs 1,800 per month whereas it is Rs 19,100 for officers of CPMFs. The CPMFs get double house rent allowance for Jammu and Kashmir and the North East and also Rs 4,000, or about 12.5% of the basic pay, as special duty allowance for "peace stations" in the North East and a detachment allowance of Rs 300 per day. Armed forces personnel do not get any of this (Mohan 2015). Indeed, with

CPMFs wanting parity with the army in salary and benefits, there is little likelihood of effecting any financial savings.<sup>4</sup>

### Army Not Moving Out

The army shows no sign of relinquishing control in Jammu and Kashmir or the North East. So we will continue to see both the MoD and MHA vying for space and control. Former general officer commander-in-chief of the Northern Command H S Panag, reviewing the military strategy in Jammu and Kashmir, argues, "The large presence of the Indian Army in the hinterland is not only unwarranted militarily, it is leading to complacency and resultant casualties" (2013). Indeed, the 4 June 2015 ambush on the soldiers of the 6 Dogra Regiment in Manipur by the newly created United National Liberation Front of Western South East Asia resulted in high casualties for the army because of complacency and violation of standard operating procedures (Singh 2015).

However, the army brass appears quite happy with the power and pelf that comes with internal wars. The dilemma for citizens is that prolonged military suppression sees an increase in militancy. Having brought about situations where both sides have honed their skills over a long-drawn-out war, there is no escape from the facts on the ground. And it does not help when reports say that the sudden spurt in militant attacks in the North East was "provoked" by a section of officials in the MHA and military intelligence, who engineered a split in the Khaplang faction. The new breakaway group was promptly recognised and a ceasefire agreement was signed with it. It was then made sure stories appeared in the North East press through a local news agency to say that the government was in no mood to renew the ceasefire agreement with the Khaplang faction after 31 March 2015 (Anand 2015). The point is that vested interests get created with prolonged military deployment. The forces also get degraded, with wheeling-dealing being an intrinsic part of low-intensity warfare.

As much as threat perception and the availability of resources are important in determining the requirement of

equipment for the armed forces, they are for augmenting manpower as well. This too is based on a perception of threat—an external threat (that resulted in raising a new mountain strike corps, which has been scaled down to half of what was planned) or an internal threat (Maoists or militants in various places). What is the political strategy that creates a discontented citizenry in the hinterland through military suppression, while bolstering its border defence and seeing no virtue in pursuing a political resolution? Mizoram and Punjab were operations which lasted just a few years. The Naga, Metei or Kashmiri conflicts have been going on for decades. We tend to forget that many more guns fall silent when an accord is reached than without one. Wise generals have repeatedly pointed to the need for politicians to step in and resolve problems or disputes because there is no “military solution.”

Relatively speaking, the military sector is immune to the problems of the fiscal deficit, inflation and cuts in government expenditure. But financial constraints have begun to push the government to raise concerns over the financial viability of x or y project or plan. However, the defence forces also raise new battalions and keep recruiting more and more, asking for better wages and allowances to incentivise soldiering. The army raised the Rashtriya Rifles, a dedicated counter-insurgency force with more than 75,000 personnel for Jammu and Kashmir in 1994–95. And while all accounts have it that militancy has ebbed there, there has been no corresponding loosening of the military’s grip, which it exercises through its “security grid.” Why raise new battalions when, for example, the Rashtriya Rifles could be transferred to another place? When the suggestion was mooted by the UPA-II government, the army put its foot down. The point is that even within the logic of the government’s policy of military suppression, what is possible cannot be done.

Panag, who had Jammu and Kashmir under his brief, argued for a shift in the “military strategy” in the hinterland to taking on a mostly counter-infiltration

role. His support for military suppression has never been in dispute, so this proposal acquires meaning. He spoke the truth when he rapped the army for taking on a role it was “ill equipped” to handle and stressed that “it is political strategy that must drive military strategy, not vice-versa.” He went on to say that the “military’s recommendation for status quo based on the perception that the insurgency may resume and its unfinished, assumed quasi-political role must not be used as a shield for strategic indecision. Far from exercising a ‘veto power’, this is a desperate albeit ill-conceived attempt by the military to prevent a return to 1990” (Mohan 2015).

To sum up, it is when we look at the financial implications of OROP that substantive questions rear their head. How did we get here? Why was a particular policy regime privileged? What were the underlying assumptions? In other words, even when the government must accept OROP, having committed itself to it, the issue of its financial burden and the underlying policy assumptions cannot be sidestepped. It is time we look at the military sector to find out whether there is any escape from the crippling financial burden of escalating politically resolvable conflicts into ones needing military suppression, thereby prolonging them, vitiating the political process, and putting pressure on finances. Sadly, going by how BJP potentates and the corporate-controlled media exulted over a cross-border foray by the army, this seems far off.<sup>5</sup>

NOTES

- 1 According to the *Tribune* (Banerjee 2014), the Adjutant General wants the age at which soldiers retire to be raised. Jawans retire after 17 years of service, mostly between 35 and 40 years, and this is to be raised to 42; *Naikms* and *Havildars* serve for 22 and 24 years, respectively and the proposal is to extend the retirement age to 49; and to 52 years for *Naib Subedars* and *Subedars*, who serve for 26 and 28 years, respectively. There is no change for *Subedar Majors* who retire at 54 years. Almost 80% of the *jawans* retire at the level of *sepoy*.
- 2 He argues that there is a need to “revisit” the costly decision to raise a mountain strike corps, writing that one of the three existing armour-heavy plains strike corps can be “reconfigured” into a light infantry mountain strike corps with new “authorisation of equipment and soldiers.”
- 3 It is not a coincidence that expansion of infantry formations leads to their colouring promotion policy. The current stand-off between army headquarters and the Armed Forces

Tribunal has to do with a preferential promotion policy that favours the infantry and artillery over other branches of the army. See Kulkarni (2015).

- 4 I analyse the recurring demand of CPMFs for better facilities and a long list of things demanded in Navlakha (2015). The financial incentives extended to CPMFs bring out the hidden reality of their reluctance to offer their lives in internal wars against their own people.
- 5 Myanmar authorities were reportedly “unhappy” with the “way the operation had been presented” by BJP stalwarts and shrill news anchors (*Telegraph* 2015). This suggests that the foray was either not as bold or unilateral it was made out to be, and it was carried out with the cooperation of Myanmar. The Indian Army, in contrast, in its statement issued on 10 June 2015 on the “operation” was circumspect.

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